

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

COMCAST CABLE COMMUNICATIONS
CORPORATION, LLC, a Pennsylvania
Corporation,

No. C 06-04206 WHA

Plaintiff,

v.

FINISAR CORPORATION, a Delaware
Corporation,

**ORDER DENYING STAY
AND REQUIRING
COMCAST TO PRODUCE
CERTAIN RECORDS**

Defendant.

Nine months ago, Comcast Cable Communications Corporation, LLC, sought the protection of the Court's declaratory-relief jurisdiction, seeking a determination that its cable system does not infringe the patent in suit, a patent owned by defendant Finisar Corporation. We have now had five hearings in the case, including a *Markman* hearing. A claim construction order will be filed soon.

Based on the PTO's grants of two reexaminations concerning the patent in suit, Finisar has made the instant motion to stay all proceedings. At first, Comcast strongly opposed the stay, arguing, among other things, that the claim construction effort would go to waste were the case stayed. After Finisar pointed out, however, that Comcast had yet produced no documents in discovery and after the Court then inquired why Comcast should not be required to produce

documents sufficient to assess infringement, Comcast reversed course and joined in the request for a stay. For the reasons below, Comcast's original opposition was more persuasive.*

The Court, of course, recognizes the possible benefits of a stay. Conceivably, the reexaminations might result in a narrowing of a claim in suit. In the Court's experience, this is plausible but not likely, at least not likely to make an important difference. It is also conceivable that an entire claim could be cancelled. This, in the Court's experience, is even less likely. The chance that all claims in suit would evaporate is nonexistent as a practical matter, even before considering that some claims in suit will not be covered by the reexaminations.

We must remember that validity of the claims in suit has already been tested and held valid in the Texas action, involving as well the same prior-art references. The PTO statistics cited by counsel roll together all reexaminations and do not focus on the subset of all patents already vetted through a full proceeding in district court. This does not mean our jury will agree with the Texas jury. It does, however, reduce the applicability of the gross statistics.

As here, reexaminations can be filed by strangers to the litigation (or by the litigants themselves) at seemingly random moments over the span of patent litigation. If litigation were stayed every time a claim in suit undergoes reexamination, federal infringement actions would be dogged by fits and starts. Federal court calendars should not be hijacked in this manner. From a case management perspective, the possible benefits must be weighed in each instance against the possible drawbacks.

Had this motion been made back when Finisar first learned that the reexamination was under consideration or even when it learned that it had been granted, the calculus might have

* The second reexamination is so similar to the first that it is hard to see why it might have caused Comcast to reverse field. Both reexaminations involve claims 1, 2, 7, 9-11, 16, 17, 22, 24-26, 37, and 39. The second request adds only claim 44, which is not at issue in this action. The two requests identify different prior-art references, but the references themselves disclose similar systems. The references cited by the first request disclose a videotex system that transfers digitally-encoded information via cable, satellite, and telephone to subscribers. In the second request, one new reference discloses teletext systems for facilitating the recording of television programs to subscribers' VCRs. Another discloses a media broadcast system that uses one-way broadcasting and two-way communications to deliver digital information to customers. All these references come from the same technical field and employ some of the same techniques.

1 been different. But as Comcast observes (Br. 6), the Court has invested a large amount of time
2 in preparing a claim construction ruling. We are nine months into the case and eleven months
3 from trial.

4 Significantly, the parties are on the verge of producing documents after much
5 preparation to do so. Finisar, to its credit, has already produced some 30,000 pages of
6 documents. To wring some good from this preparation, Comcast should promptly produce for
7 inspection and copying all manuals, schematics, software and other documents needed to
8 determine whether the Comcast system meets any and all of the limitations of the claims in suit,
9 taking into account the claim construction order and taking into account, as to any other phrases
10 in dispute, the competing constructions. Even if the case is eventually stayed, discovery will
11 advance the goal of informing counsel of the merits. This may well lead to a negotiated license
12 and end the controversy altogether. Given what has occurred to date, it would be wasteful to
13 simply stay the case and wait years before trying to ramp up again.

14 We have much work to do in this case that will need to be done regardless of any
15 probable outcome in the reexaminations. Conceivably, as we approach trial, the calculus will
16 shift in favor of a stay, particularly if the Texas appeal is nearing a decision, but for now the
17 best course is to reap the benefits of the preparation invested to date, both on claim construction
18 and on discovery.

19 Counsel have cited to various factors taken into account by other district judges in
20 deciding whether to grant stays. Those factors do not neatly address the case management
21 concerns most pertinent here, namely the large investment in the unfinished claim construction
22 process and the large investment in preparation to produce a mass of documents, most of which
23 work would have to be reduplicated later were a stay now granted. And, we are on the verge of
24 discovery sufficient for counsel to master the merits and possibly to negotiate a license, an
25 opportunity that would be wasted by a stay. For the foregoing reasons, the motion to stay is
26 **DENIED.**


27 When an accused infringer seeks the protection of the Court's declaratory relief
28 jurisdiction, it should be quick to open its files, saying, "See, we do not infringe." It should not

1 fold its arms and say, "Now that we have outmaneuvered you and anchored our dispute in a
2 venue of our choice, we will go very slow in letting you see our files." This case has been
3 pending nine months. While Comcast claims to have spent millions preparing to produce its
4 records, the sad fact is that it had not yet produced a single page until the hearing on this motion
5 (April 25). This is not in keeping with the obligations of a declaratory-relief plaintiff.
6 The Court will presume that Comcast filed this action for sincere reasons and not simply to
7 avoid a Texas venue. The considerable talents of its counsel should be devoted to getting the
8 job done of producing the necessary records rather than composing long lists of why it cannot
9 be done.

10 Without prejudice to other discovery requests, Comcast must produce by **NOON ON**
11 **APRIL 20, 2007**, all manuals, schematics, software and other documents necessary to explain
12 how the Comcast system works with respect to each of the limitations of all claims in suit.
13 The production shall be in the traditional hard-copy format. All materials shall be for attorney's
14 eyes only until such as a formal protective order is entered. Please do not ask for any
15 extensions. All other discovery shall go forward promptly.

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17 **IT IS SO ORDERED.**

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19 Dated: April 5, 2007.

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21 _____
22 WILLIAM ALSUP
23 UNITED STATES DISTRICT JUDGE
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